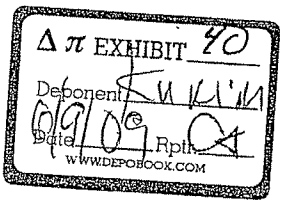
From: Steve Chen <steve@youtube.com>
Sent: Tuesday, July 19, 2005 9:49 AM
To: Chad Hurley <chad@youtube.com>
Cc: Karim Jawed <[redacted]>; Pan Yu <[redacted]>; Solomon Mike <[redacted]>
Subject: Re: YouTube - Some ideas from Charles
Attach: Message Text.txt



Alright.

We keep talking about this.

Reasons for not putting up adwords:
1. it doesn't make that much money in the short term
2. our advertising feature is less than a month away
3. we are going to make design changes to get them in. 3 weeks later, we're going to take them out.
4. but most importantly -- people that use google ads really have no other choice, they get a lot of traffic, but they have to do some kind of text ad linking thing to generate revenue. we're in a unique situation with YouTube that we can deliver video ads -- we're one of the few and rare sites that allows for this. let's see where it goes before jumping on the google adwords bandwagon.

In other news, jawed, please stop putting stolen videos on the site. We're going to have a tough time defending the fact that we're not liable for the copyrighted material on the site because we didn't put it up when one of the co-founders is blatantly stealing content from another site and trying to get everyone to see it.

And please, please, please, please, please (I don't know how many times this needs to be said) stop making tweaks to the fucking UI without consulting us. Hi, nice distraction from the video playing when there's blinking text all over the place.

Thank you.

-s

On Jul 19, 2005, at 10:26 AM, Chad Hurley wrote:

> some good ideas... that revenue sharing one is one that comes up often when I talk to various people... might be a good idea for us down the road. It's actually how google gets big studios to put up content on google video... but the sharing is 30% for google, 70% for the studio. maybe we could match this or beat it with 25/75? It would be interest and I think would motivate people better than a little cash prize. thoughts?
>
> But the simplest way to start making money, is place some adwords text links on the site. We'll see what happens? Steve? :)

On Jul 19, 2005, at 7:58 AM, Steve Chen wrote:

My friend from Yahoo.

Please read this. Interesting stuff.

Yu Pan, did you know Charles Chariya from IMSA? He was class of '93 or '94. If you know him, what do you think of him?

-s

Begin forwarded message:

From: "Charles Chariya" <[redacted]>
Date: July 19, 2005 6:40:19 AM PDT
To: "Steve Chen" <steve@youtube.com>
Subject: RE: YouTube - Some ideas from Charles

Steve,

I took a few minutes last night and jotted down some ideas that might
make your overall concept even more compelling. Most aren't completely
original, and some may take a lot of work to implement, but I think YouTube could be a huge step in online user generated content.

AD MODEL
Although it's obvious you will have video ads in the stream, I see the
monetization opportunity in a few key areas:

(a) the front door - which should have the most traffic - could be exposed to advertisers for take-overs for massive one-day events.

(b) content areas - although you do use tags, I think that a human categorizer would help people navigate more easily thru the massive
amounts of available video. Again, takeovers of "Autos" or "College" or
even the existing "Most Popular" areas could be easy wins with advertisers.

(c) video area - so obviously, a video ad before the video, but consider
breaking up videos (by a professional editor) into 4-5 minute segments
to insert additional video ads. Obviously a take on what's done in

network. Also, on the right hand side, I'd suggest using an industry
standard Ad Position.

(d) sponsored search results - this may be an easy fall-back, but should
be considered, especially if users are doing a lot of search activity.

AD SALES
I assume you're already working towards getting to profitability. I'd
pull a team to start selling to the agency and advertising community
ASAP. Put them on a 50/50 or higher compensation plan to minimize the
burn rate. I suggest senior sellers with connections in the ad community, since the budgets you are tapping will likely be traditional
budgets - and a Inside Sales Organization won't really cut it for the long haul.

PRODUCER NETWORK
Ok, so here's the exciting concept: Why not make a profit sharing system for these content producers. A 1-5% rev share on all video ads
that are served in the video stream. Some quick math:

Assume a $5 CPM			
Video Popularity	1k streams	100k st	1mil st
Revenue	$5	$500	$5k
Rev Share	$0.25	$25	$250

Currently video ads run at $10-15. CPMs for video ads will increase
over time, as the market catches up with the supply.

Give users stats on the usage/viewership of the videos they upload. Have "All-Star" producers. Make pages dedicated to the body of art of
particular producers. Hire professional/famous producers to create original content. Seek out the content that's already available and give beneficial terms (up to 10% rev share) if it's worthy (star wars movie, independent movie producers, anything else).

So that's my first stab at some major monetization and ads related content. Obviously, I've been working in the space for a while, so

feel
free to lean on me if you have other ideas, if you need a bounce-board.
I'm in Sunnyvale next week on Tues-Thurs, if you're around would love to
grab dinner. Obviously, I think there's a lot of potential. Let me know how you think I can help.

Charles

-----Original Message-----
From: Steve Chen [mailto:steve@youtube.com]
Sent: Monday, July 18, 2005 3:40 PM
To: [redacted]
Subject: YouTube

Yo Charles --

This is Steve from geno.

Giving you my e-mail address, steve@youtube.com. Talking to you now.

-s